

§ 25.2522(c)-3T

a copy of the letter supplying the factor must be attached to the tax return in which the deduction is claimed. If the Commissioner does not furnish the factor, the claim for deduction must be supported by a full statement of the computation of the present value made in accordance with the principles set forth in this paragraph.

(e) [Reserved] For further guidance, see § 25.2522(c)-3T(e).

[T.D. 7318, 39 FR 25458, July 11, 1974; 39 FR 26154, July 17, 1974]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting § 25.2522(c)-3, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

§ 25.2522(c)-3T Transfers not exclusively for charitable, etc., purposes in the case of gifts made after July 31, 1969 (temporary).

(a) through (d) [Reserved] For further guidance, see § 25.2522(c)-3(a) through (d).

(e) *Effective/applicability date.* This section applies only to gifts made after July 31, 1969. In addition, the rule in paragraphs (c)(2)(vi)(a) and (c)(2)(vii)(a) of this section that guaranteed annuity interests or unitrust interests, respectively, may be payable for a specified term of years or for the life or lives of only certain individuals applies to transfers made on or after April 4, 2000. If a transfer is made on or after April 4, 2000, that uses an individual other than one permitted in paragraphs (c)(2)(vi)(a) and (c)(2)(vii)(a) of this section, the interest may be reformed into a lead interest payable for a specified term of years. The term of years is determined by taking the factor for valuing the annuity or unitrust interest for the named individual measuring life and identifying the term of years (rounded up to the next whole year) that corresponds to the equivalent term of years factor for an annuity or unitrust interest. For example, in the case of an annuity interest payable for the life of an individual age 40 at the time of the transfer on or after May 1, 2009, assuming an interest rate of 7.4 percent under section 7520, the annuity factor from column 1 of Table S(7.4), contained in IRS Publication 1457, Actuarial Valuations Version 3A, for the

26 CFR Ch. I (4-1-10 Edition)

life of an individual age 40 is 12.1519 (1—.10076/.074). Based on Table B(7.4), contained in Publication 1457, Actuarial Valuations Version 3A, the factor 12.1519 corresponds to a term of years between 32 and 33 years. Accordingly, the annuity interest must be reformed into an interest payable for a term of 33 years. A judicial reformation must be commenced prior to October 15th of the year following the year in which the transfer is made and must be completed within a reasonable time after it is commenced. A non-judicial reformation is permitted if effective under state law, provided it is completed by the date on which a judicial reformation must be commenced. In the alternative, if a court, in a proceeding that is commenced on or before July 5, 2001, declares any transfer, made on or after April 4, 2000, and on or before March 6, 2001, null and void ab initio, the Internal Revenue Service will treat such transfers in a manner similar to that described in section 2055(e)(3)(J).

[T.D. 9448, 74 FR 21515, May 7, 2009]

§ 25.2522(c)-4 Disallowance of double deduction in the case of qualified terminable interest property.

No deduction is allowed under section 2522 for the transfer of an interest in property if a deduction is taken from the *total amount of gifts* with respect to that property by reason of section 2523(f). See § 25.2523(h)-1.

[T.D. 8522, 59 FR 9658, Mar. 1, 1994]

§ 25.2522(d)-1 Additional cross references.

(a) See section 14 of the Wild and Scenic Rivers Act (Pub. L. 90-542, 82 Stat. 918) for provisions relating to the claim and allowance of the value of certain easements as a gift under section 2522.

(b) For treatment of gifts accepted by the Secretary of State or the Secretary of Commerce, for the purpose of organizing and holding an international conference to negotiate a Patent Corporation Treaty, as gifts to or for the use of the United States, see section 3 of Joint Resolution of December 24, 1969 (Pub. L. 91-160, 83 Stat. 443).

(c) For treatment of gifts accepted by the Secretary of the Department of